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**WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.  
Winnfield, Louisiana**

Financial Statements and Auditor's Reports

June 30, 2003  
and for the Year Then Ended

(With Comparative Figures for June 30, 2002)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4.7.04

**JERI SUE TOSSPON**  
Certified Public Accountant

FILED  
CLERK OF COURT  
CLERK - 3 APR 28

**WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**Winnfield, Louisiana**

**Financial Statements and Auditor's Reports**

**June 30, 2003**  
**and for the Year Then Ended**

**(With Comparative Figures for June 30, 2002)**

**WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.**

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**SECTION I**

**FINANCIAL STATEMENTS**

**REPORT ON FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S REPORT

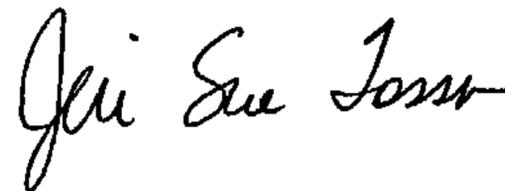
To the Board of Directors  
Winn Parish Association for Retarded Citizens, Inc.  
Winnfield, Louisiana

I have audited the accompanying financial statements of the Winn Parish Association for Retarded Citizens, Inc., (Winn ARC) as of June 30, 2003, and for the year then ended. These financial statements are the responsibility of Winn ARC's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In accordance with Government Auditing Standards, I have also issued my report dated February 20, 2004, on my consideration of Winn ARC's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Winn ARC, as of June 30, 2003, and the results of its operations and the changes in net assets for the year then ended in conformity with generally accepted accounting principles.



Ferriday, Louisiana  
February 20, 2004

**WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2003**  
**(With Comparative Totals at June 30, 2002)**

	Adult Habilitation	Sheltered Workshop	June 30, 2003 Total	2002 Total
<b>ASSETS</b>				
Cash on hand and in banks	\$ 727	\$ 2,244	\$ 2,971	\$ 37,889
Accounts receivable (Note 4)	12,565	5,419	17,984	22,408
Interfund loans	39,745		39,745	43,278
Utility deposits	148		148	148
Fixed assets (Net) (Note 5)	32,825	634	33,459	52,148
<b>Total Assets</b>	<b>\$ 86,010</b>	<b>\$ 8,297</b>	<b>\$ 94,307</b>	<b>\$ 155,871</b>
 <b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,173		\$ 1,173	\$ 1,222
Accounts payable-OCDD (Note 10)	69,092		69,092	78,377
Accrued payroll taxes	10,419	\$ 1,640	12,059	7,846
Interfund loans		39,746	39,746	43,278
Notes payable (Note 6)				6,651
<b>Total Liabilities</b>	<b>\$ 80,684</b>	<b>\$ 41,386</b>	<b>\$ 122,070</b>	<b>\$ 137,374</b>
 <b>Net Assets</b>				
Unrestricted	\$ (31,404)	\$ (33,089)	\$ (64,493)	\$ (24,055)
Temporarily restricted (Note 3)	36,730		36,730	42,552
<b>Total Net Assets</b>	<b>\$ 5,326</b>	<b>\$ (33,089)</b>	<b>\$ (27,763)</b>	<b>\$ 18,497</b>
 <b>Total Liabilities and Net Assets</b>	 <b>\$ 86,010</b>	 <b>\$ 8,297</b>	 <b>\$ 94,307</b>	 <b>\$ 155,871</b>

See accompanying notes to financial statements.

**WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**STATEMENT OF ACTIVITY AND FUND BALANCES**  
**YEAR ENDED JUNE 30, 2003**  
(With Comparative Totals for the Year Ended June 30, 2002)

	Adult Habilitation	Sheltered Workshop	Year Ended June 30,	
			2003 Total	2002 Total
<b>SUPPORT AND OTHER REVENUE</b>				
State and other contracts	\$ 106,336		\$ 106,336	\$ 172,239
Contract work		\$ 46,812	46,812	77,720
Contributions and grants	675	3,733	4,408	31,587
Other	2,075	85	2,160	12
Interest	900		900	472
<b>Total Support and Other Revenue</b>	<b>\$ 109,986</b>	<b>\$ 50,630</b>	<b>\$ 160,616</b>	<b>\$ 282,030</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Federal Transit Administration Section 16 Depreciation on restricted vans	\$ 5,822		\$ 5,822	\$ 6,879
<b>Total Support, Other Revenue and Release of Net Assets</b>	<b>\$ 115,808</b>	<b>\$ 50,630</b>	<b>\$ 166,438</b>	<b>\$ 288,909</b>
<b>EXPENSES (Note 7)</b>				
Salaries and client wages	\$ 82,978	\$ 32,180	\$ 115,158	\$ 152,651
Payroll taxes	8,224	810	9,034	8,721
Telephone	4,720		4,720	8,841
Postage	47	61	108	168
Insurance	21,850	147	21,997	29,237
Transportation	4,379		4,379	5,779
In-service	120		120	75
Office supply	592	153	745	6,052
Utilities	5,735	423	6,158	6,364
Rent	9,600		9,600	9,600
Maintenance and cleaning	1,719	546	2,265	4,315
Workman's compensation	512	6,123	6,635	7,716
Depreciation	11,829	1,231	13,060	13,167
Interest	185		185	590
Supplies	675	5,346	6,021	8,496
Professional fees	2,710		2,710	4,261
Licenses	226	28	254	206
Travel and seminar	155	34	189	1,855
Other	211	198	409	3,704
<b>Total Expenses</b>	<b>\$ 156,467</b>	<b>\$ 47,280</b>	<b>\$ 203,747</b>	<b>\$ 271,798</b>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>\$ (40,659)</b>	<b>\$ 3,350</b>	<b>\$ (37,309)</b>	<b>\$ 17,111</b>
<b>Gain (Loss) on Sale of Fixed Assets</b>	<b>(3,129)</b>		<b>(3,129)</b>	
<b>Temporarily Restricted Net Assets</b>				
Federal Transit Administration Section 16 Current year depreciation	(5,822)		(5,822)	(6,879)
<b>Net Increase (Decrease) in Net Assets</b>	<b>\$ (49,610)</b>	<b>\$ 3,350</b>	<b>\$ (46,260)</b>	<b>\$ 10,232</b>
<b>Net Assets, Beginning of Year</b>	<b>54,936</b>	<b>(36,439)</b>	<b>18,497</b>	<b>8,265</b>
<b>Net Assets, End of Year</b>	<b>\$ 5,326</b>	<b>\$ (33,089)</b>	<b>\$ (27,763)</b>	<b>\$ 18,497</b>

See accompanying notes to financial statements.

**WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**COMBINED STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2003**  
**(With Comparative Totals for the Year Ended June 30, 2002)**

	Year Ended June 30,	
	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (43,131)	\$ 10,232
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	13,060	13,167
(Increase) decrease in:		
Accounts receivable	4,425	2,598
Prepaid expenses		
Deposits		
Accounts payable	(49)	(267)
Compensation payable		
Payroll taxes payable	4,213	(556)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ (21,482)</b>	<b>\$ 25,174</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of equipment	\$ 2,500	
Purchase of equipment		\$ (31,081)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>\$ 2,500</b>	<b>\$ (31,081)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings		
Reduction of debt	\$ (15,936)	\$ (3,511)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>\$ (15,936)</b>	<b>\$ (3,511)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>\$ (34,918)</b>	<b>\$ (9,418)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>37,889</b>	<b>47,307</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 2,971</b>	<b>\$ 37,889</b>
<u>Supplementary Information:</u>		
Interest paid	\$ 185	\$ 590

See accompanying notes to financial statements.

**WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**NOTE 1 - WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, INC.**

WINN PARISH ASSOCIATION FOR RETARDED CITIZENS, Inc., (WARC) was organized in 1981 to promote the general welfare of the mentally retarded, to encourage research related to mental retardation, to advise and aid parents in the solution of their problems, to develop a better understanding of the problems of mental retardation by the public, to cooperate with all agencies and professional groups in the furtherance of these ends, to associate with and support financially the State and National Associations to promote the common cause, to serve locally as a clearinghouse for gathering and providing information regarding the mentally retarded and to solicit and receive funds for the accomplishment of the stated purposes.

The Association operates two separate divisions. One, the Adult Habilitation Program, receives funding from the State of Louisiana, Department of Health and Hospitals and the Office for Citizens with Developmental Disabilities (OCDD) and Medicaid Title XIX to provide adult day services and employment training for a minimum of 13 clients. The other division is the Winn Parish Sheltered Workshop. The Workshop is totally self-supporting. Income of the Workshop consists of revenues earned through contracts with private individuals and companies for the provision of services performed by clients of the Workshop.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported as increases in temporary or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**B. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from such estimates.

C. Financial Statement Presentation

In 1995, the Association elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Association is required to present a statement of cash flows.

D. Contributions

The Association also elected, in 1995, to adopt SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

E. Income Tax Status

WARC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

NOTE 3 - RESTRICTIONS ON ASSETS

Restrictions on assets at June 30, 2003 relate to three vans obtained by the Association through a Section 16(b)(2) grant through the Urban Mass Transit Act and the Louisiana Department of Transportation (DOTD). This program provides capital grants for the specific purpose of assistance in providing transportation services to meet the special needs of elderly and handicapped persons for whom mass transportation services are unavailable, insufficient or inappropriate. The vans, obtained with these funds, must be used for transportation services to the elderly and handicapped within the Association's service area. The DOTD must be immediately notified if the equipment is not used in the aforementioned manner or if it is withdrawn from service. Disposition of the vehicles must have DOTD approval and must be in conformance with the provisions of OMB Circular A-102, Attachment N. Dispositions must be a current market value and a portion of the funds received must be returned in proportion to the original percentage of Federal funds contributed.

It is the policy of the Association to amortize the asset restriction over its estimated useful life using the straight-line method.

NOTE 4 - RECEIVABLES

The Association entered into a contract on July 31, 2002 with the State of Louisiana, Department of Health and Hospitals, OCDD, to provide habilitation programming to a minimum of 13 clients for the period July 1, 2002 to June

30, 2003. At the end of each month, a payment requisition is forwarded to the Region VI office at Pinecrest State School requesting payment for services provided to clients during the month just ended. See Note 10 for discrepancies noted in regard to this contract.

During the current fiscal period, the Association also entered contracts with Community Bridges South adult facility to provide services to four clients. Also during this fiscal year, three clients were classified as Medicaid Title XIX waiver clients and billings for services to them are being billed to that agency. Accounts receivable also included amounts to these entities.

The Association also has entered into several contractual agreements to provide grounds keeping services, janitorial services and other contract labor to various local businesses.

Receivables at June 30, 2003 consist of the following:

State of Louisiana, OCDD	\$ 6,973
Medicaid Title XIX	5,592
Employment Development Services, Inc.	2,643
Work Activity Customers	<u>2,776</u>
Total	<u>\$17,984</u>

**NOTE 5 - FIXED ASSETS AND DEPRECIATION**

Fixed assets consist of plant and equipment stated at historical cost. Ownership of all fixed assets in the general fund of WARC would revert to the Department of Health and Hospitals, OCDD, if WARC were to cease to function. Depreciation is provided on a straight-line basis over various lives recommended by the OCDD as listed below:

Furniture and fixtures	7 - 10 years
Automobiles	5 years
Machinery and equipment	5 - 7 years
Leasehold improvements	10 years

A summary of fixed assets and the related depreciation is presented below:

	Balance June 30, 2002	<u>Additions</u>	<u>Retirements</u>	Balance June 30, 2003
Adult Habilitation	\$156,499		\$ 9,650	\$146,849
Sheltered Workshop	9,627			9,627
	<u>\$166,126</u>		<u>\$ 9,650</u>	<u>\$156,476</u>
Less Accumulated Depreciation:	<u>113,978</u>	<u>13,060</u>		<u>123,017</u>
	<u>\$ 52,148</u>	<u>\$ 13,060</u>	<u>\$ 9,650</u>	<u>\$ 33,459</u>

**NOTE 7 - EXPENDITURES**

The Winn Parish Association for Retarded Citizens, Inc. entered into a contract with the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide adult habilitation services. Expenditures in the general fund were made in accordance with the specifications listed by the Office for Citizens with Developmental Disabilities in their *Guidelines for Allowable Costs - Adult Day Services for Persons with Developmental Disabilities*, other than those noted in Note 10.

**NOTE 7 - PENSION PLAN**

WARC does not have a retirement plan for its employees other than that provided by the Social Security System.

**NOTE 8 - LITIGATION**

WARC is not involved in any litigation as of June 30, 2003.

**NOTE 9 - DIRECTOR COMPENSATION**

No member of the Board of Directors of Winn Parish Association for Retarded Citizens, Inc. received any compensation during this fiscal year.

**NOTE 10 - DEPARTMENT OF HEALTH AND HOSPITALS AUDIT**

During the fall of 2001, a program audit was conducted by personnel of the Office for Citizens with Developmental Disabilities (OCDD) regarding billing amounts and rates used by the Winn Parish Association for Retarded Citizens, Inc. under their contract with the OCDD, Department of Health and Hospitals, State of Louisiana. The audit found billing improprieties in the following areas for the service years ended June 30, 2000 and June 30, 2001 in the following amounts:

Fraudulent Billing of Clients	\$11,613
Minimum Attendance of Eligible Clients Not Met	21,502
Incorrect Type of Service Billed	
Mobile Crew Rate	42,289
Individual Job Rate	<u>2,974</u>
Total	<u>\$78,377</u>

Management has concurred with the above amounts. Accordingly, these amounts have been accrued as a liability in these financial statements and shown as a charge against the increase in net assets for this year. This report, along with management's response, has been forwarded to the administration of the Department of Health and Hospitals and the Louisiana Legislative Auditor's office for further review and action.

Also noted in the report were certain questionable expenditures which were not quantified. These have not been listed separately.

During the year ended June 30, 2002, certain conditions regarding operational policies and training for personnel at the center were required by OCDD. Review of the minutes of the board of directors show that they are complying with these requirements. Repayment of \$11,613.30 of the balance was begun with monthly payments starting in August, 2002. During the year ended June 30, 2003, \$9,285.63 had been repaid on this balance.

**SECTION II**  
**REPORT ON INTERNAL CONTROL**  
**AND COMPLIANCE**

# JERI SUE TOSSPON

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Winn Parish Association for Retarded Citizens, Inc.  
Winnfield, Louisiana

I have audited the financial statements of Winn Parish Association for Retarded Citizens, Inc., as of June 30, 2003, and for the year then ended, and have issued my report thereon dated February 20, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

### Compliance

As part of obtaining reasonable assurance about whether Winn Parish Association for Retarded Citizens, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contract and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. I noted an immaterial instance of noncompliance that I have reported to management in a separate letter dated February 20, 2004.

### Internal Control Over Financial Reporting

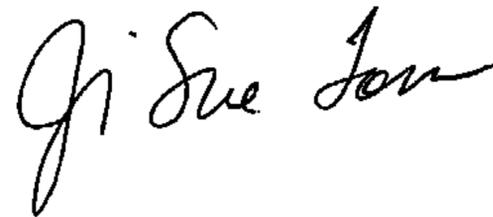
In planning and performing my audit of the financial statements of the Association, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My

To the Board of Directors  
Winn Parish Association for Retarded Citizens, Inc.  
Page Two

consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Ferriday, Louisiana  
February 20, 2004

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To the Board of Directors  
Winn Parish Association for Retarded Citizens, Inc.  
Winnfield, Louisiana

I have audited the financial statements of the Winn Parish Association for Retarded Citizens, Inc., (Winn ARC), as of June 30, 2003 and for the year then ended, and have issued my reports dated February 20, 2004. As a part of my examination, I made a study and evaluation of the Association's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his examination of the financial statements. My study was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Association is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purposes described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Association taken in as a whole. However, my study and evaluation disclosed no condition that I believed to be a material weakness.

My comments on specific financial and accounting matters and recommendations developed during my examination, which do not represent material weaknesses, are detailed below.

To the Board of Directors  
Winn Parish Association for Retarded Citizens, Inc.  
Page Two

**PRIOR YEAR FINDINGS**

**FINDING:** One deposit of an insufficient funds check from an employee was noted in the Workshop fund.

**MANAGEMENT RESPONSE:** No items from employees will be handled by the Workshop or General funds.

**DISPOSITION:** No items from employees were noted when reviewing the bank statements for cash work or in examining the bank reconciliations at year end. Management has said that employee checks are no longer being handled by the Workshop or the Association.

**CURRENT YEAR FINDINGS:**

**DELINQUENT REPORT:** The audited financial statements were not completed and submitted to the Legislative Auditor's Office until after the due date.

**MANAGEMENT RESPONSE:** Management will be more aware of the due date for submission of the report and will work with their auditor closely to ensure that they are submitted in a timely manner in the future.

This report is intended for the use of the Association management and others within the organization. I thank all the personnel at the Association for their cooperation during my examination.



Ferriday, Louisiana  
February 20, 2004